

SS: 2017

JPRS: 5242

4 August 1960

REPORT ON ADJUSTMENT OF THE MAIN TARGETS  
OF SHANTUNG'S ECONOMIC PLAN FOR 1959 AND  
FURTHER DEVELOPMENT OF THE PRODUCTION-  
INCREASE AND ECONOMY CAMPAIGN

- COMMUNIST CHINA -

By Pai Ju-ping

RETURN TO MAIN FILE

**DISTRIBUTION STATEMENT A**

Approved for Public Release  
Distribution Unlimited

20000121 066

Reproduced From  
Best Available Copy

This material, translated under U.S. Government auspices, is distributed for scholarly uses to repository libraries under a grant/subscription arrangement with the Social Sciences Research Council, Joint Committee on Contemporary China. The contents of this material in no way represent the policies, views, or attitudes of the U.S. Government. Queries regarding participation in this arrangement should be addressed to the Social Sciences Research Council, 230 Park Avenue, New York 17, New York.

U.S. JOINT PUBLICATIONS RESEARCH SERVICE  
205 EAST 42nd STREET, SUITE 300  
NEW YORK 17, N. Y.

DTIC QUALITY INSPECTED 1

DTIC QUALITY INSPECTED 3

### Subscribing Repositories

The University of British Columbia  
Vancouver 8, Canada

Center for Chinese Studies  
University of California  
Berkeley 4, California

University of California Library  
Berkeley 4, California

The University of Chicago Library  
Chicago 37, Illinois

Librarian, East Asiatic Library  
Columbia University  
New York 27, New York

Council on Foreign Relations  
58 East 68th Street  
New York 21, New York

Duke University Library  
Durham, North Carolina

The Fletcher School of Law & Diplomacy  
Tufts University  
Medford, Massachusetts

Harvard College Library  
Cambridge 38, Massachusetts

Center for East Asian Studies  
Harvard University  
16 Dunster Street  
Cambridge 38, Massachusetts

Harvard-Yenching Institute  
Cambridge 38, Massachusetts

University of Hawaii  
Honolulu 14, Hawaii

The Hoover Institution  
Stanford, California

University of Illinois Library  
Urbana, Illinois

Indiana University Library  
Bloomington, Indiana

State University of Iowa Library  
Iowa City, Iowa

Institute for Asian Studies  
Marquette University  
Milwaukee 3, Wisconsin

University of Michigan Library  
Ann Arbor, Michigan

Michigan State University Library  
East Lansing, Michigan

University of Minnesota Library  
Minneapolis 14, Minnesota

The Ohio State University Libraries  
1858 Neil Avenue  
Columbus 10, Ohio

University of Oregon Library  
Eugene, Oregon

University of Pittsburgh Library  
Pittsburgh 13, Pennsylvania

Princeton University Library  
Princeton, New Jersey

The University of Rochester Library  
Rochester 20, New York

Institute of Asian Studies  
St. John's University Graduate School  
Jamaica 32, New York

McKissick Memorial Library  
University of South Carolina  
Columbia 1, South Carolina

University of Southern California Lib.  
Los Angeles 7, California

University of Texas Library  
Austin 12, Texas

Alderman Library  
University of Virginia  
Charlottesville, Virginia

Far Eastern Library  
University of Washington  
Seattle 5, Washington

Yale University Library  
New Haven, Connecticut

JPRS: 5242

CSO: 4080-N

REPORT ON ADJUSTMENT OF THE MAIN TARGETS OF  
SHANTUNG'S ECONOMIC PLAN FOR 1959 AND  
FURTHER DEVELOPMENT OF THE PRODUCTION-INCREASE  
AND ECONOMY CAMPAIGN

The following is a full translation of a report made by Pai Ju-ping, Deputy Governor of Shantung Province, at the Fifth meeting of the Second Shantung People's Council on 14 Sept 1959, appearing in Ta-chung Jih-pao, Tsi-nan, 16 Sept 1959, p 27

Based on the recommendation made by the Eighth Plenary Session of the Eighth Central Committee of the Chinese Communist Party and the report given by Premier Chou En-lai, the Standing Committee of the National People's Congress has adopted at its fifth meeting held on 28 Aug 1959 a resolution which calls for the adjustment of the main targets set in the national economic plan for 1959 and the further development of the production-increase and economy movement. The CCP Shantung Provincial Committee has therefore proposed to the Provincial People's Council to make corresponding adjustments for the targets set in the 1959 economic plan of Shantung Province. The adjusted 1959 economic plan remains to be one of continuing leap forward. We must fulfil it with excess by overcoming rightist ideology, making our best effort and starting immediately a new hightide of the production-increase and economy campaign. For this purpose, I would like to make the following report to the Provincial People's Council.

I. The Present Economic Situation of the Province

Under the brilliant leadership of the Central Committee and Chairman Mao Tse-tung and the immediate leadership of the CCP Shantung Provincial Committee, under the guidance of the general line of national economic construction, and having made the best of our efforts to strive for greater, faster, better and more economical results, Shantung Province, like other provinces in the country, has made full use of the advantages inherent in the people's communes and carried

on the great leap forward on each and every front of national economic construction on the foundation laid down by the unprecedented great leap forward of 1958. New splendid victories have been won in industry, agriculture, commerce, transportation and capital construction.

(1) Industrial production: The gross value of industrial output during the period from January to August 1959 was 4.3 billion yuan, representing a 33 percent increase compared with 3.24 billion of the corresponding period of 1958. The output of many important products have increased sharply percentage wise. The output and the rate of increase of 14 important products during the January-August period are as follows: steel, 98,000 tons, increased 463 percent; cast-iron, 810,000 tons, increased 3,550 percent; coal, 13,98 million tons, increased 125 percent; electric power, 993 million kilowatt hours, increased 60 percent; metal-cutting machine tool, 3,586 sets, increased 36.1 percent; alternating current electric motor, 183,512 kilowatts, increased 84.63 percent; power machine, 209,120 horsepowers, increased 81.65 percent; cement, 93,072 tons, increased 214 percent; sulphuric acid, 15,044 tons, increased 15.7 percent; cotton yarn, 388,508 bales, increased 34.94 percent; cotton cloth, 377.16 million meters, increased 10 percent; machine-made paper, 44,400 tons, increased 18.3 percent; vegetable cooking oil, 78,467 tons, increased 35.04 percent; and chemical fertilizers, 45,203 tons, increased 15 percent. Not only had the quantity of products been greatly increased but the quality had also been remarkably improved.

In March 1959, only 75 percent of the steel produced in the province were up to the standard. In August this rate rose to 90 percent. In March, of all the cast-iron produced in this province only 63.8 percent were up to the standard. In August the rate was up to 70 percent. The quality of many products of machine-building, chemical, light and textile industries had also been improved. Cost of production became lower. During the first half of 1959 the cost of industrial production was on the average 12.95 percent lower than that in 1958. The cost of steel and iron production registered the sharpest dip, 41.37 percent lower than in 1958.

The development of industrial production has given powerful support to the continuing leap forward of agricultural production. During the period from January to August, large quantities of steel and iron materials were allotted to manufacturing urgently needed drainage and irrigation machines and farm implements. Statistics ending

in July show the completion of 4,911 drainage and irrigation machines totalling 77,432 horsepower, 1,838 tractors and harvesting and husking machines, 5,675 sprayers, 11,716 irrigation water-wheels and a large number of parts. In the first half of the year the hsien and communal industries produced 20 million farm implements of different descriptions and repaired 12 million implements. In addition, they manufactured a large quantity of cooking utensils to satisfy the needs of the rural population. During the period from January to August, hsien and communal industries had produced 45,203 tons of chemical fertilizer, 2,309 tons of agricultural chemicals and 106,000 push cart wheels. These products were badly needed for agricultural production and their timely supply had certainly helped in bringing about the good harvest.

The afore-said facts illustrate that the achievements in industrial production were tremendous and were results of the continuing leap forward on the basis of the great leap forward of 1958. These facts have proved that the general line of socialist construction is correct and that the policies of mass campaign and "walking on two legs" are sound. All those who are loyal to the cause of socialism and genuinely interested in a wealthy and strong fatherland should feel happy and encouraged in seeing these achievements. There are, however, a small number of people who contend that whatever has been gained by the great steel production campaign of 1958 can never compensate what was lost because of it. This contention is entirely wrong and must be rejected.

They said that it was nothing but bourgeois fanaticism that those millions of people should have been urged to go up mountains digging ores and coal for steel production and that the attempt was not worthwhile because the gain cannot pay off the loss. We would say that the campaign represented a highly revolutionary positivism on the part of the great masses who were inspired by the party's general line and by their determination to do away with poverty and backwardness. It was a resounding mass campaign which provided the basic assurance of the speedy development of national economy. It is a sheer slander to refer to such a great, revolutionary mass campaign as "bourgeois fanaticism." But for those millions of heroic people who went up mountains to work for steel production last year, it would be impossible to have such great achievements as we have today. As we may recall, the steel industry of this province was almost a blank on this same day last year. But during the period from January to August this year, we were able to produce 98,000 tons of

steel and 81,000 tons of cast iron. These accomplishments have proved that the policies of mass campaign and "walking on two legs" being adopted on the economic front are sound. There should be no doubt about it.

Some people said, "to build industry on a small-scale with native methods by relying on the masses is bound to result in low output, high cost and large waste." Facts speak for themselves. From "small-scale, native-method and masses" of yesterday we have now moved forward to "small-scale, foreign-method and masses" of today. This is a necessary procedure in the development from popularization to improvement, from low-grade to high-grade. The latter would have been impossible without the former. At this time last year all we had in this province were two blast furnaces of 84 cubic meters each and three blast furnaces of 13 cubic meters each. Now we have two blast furnaces of 255 cubic meters, three of 100 cubic meters, four of 84 cubic meters, 13 of 55 cubic meters, 185 of 13 cubic meters (including a few of 15.8 cubic meters and 28 cubic meters) and 500 of 3 cubic meters. It is really a miracle that within such a short period of time we are able to have all those small, primitive furnaces (which, of course, had played their proper role at the initial stage of steel production) replaced by blast furnaces of medium and small sizes. The above facts illustrate the correctness of last year's mass campaign for steel production. But for this campaign, it would be impossible either to have so much steel-producing equipment installed or to have such a big technical force as we have now. You may recall that we could not even produce a single pound of steel or iron last year, but now we are able to produce fine iron with blast furnaces and to refine low-grade iron into high-grade steel. To those conservative rightists this is almost inconceivable. As to certain amount of subsidies being given to small blast furnace production, it is perfectly worthwhile and highly significant. If we had relied solely on the construction of large blast furnaces it would be impossible to produce so much cast-iron within such a short period of time with same or even more investments.

There are still others who said that "the steel production campaign had held back everything." On the contrary, the steel production campaign has actually not only made possible the greatest development in steel industry unparalleled in history but has also pushed ahead the general leap forward of the national economy as a whole, including all industries, capital construction and transportation. The concrete facts in this respect have already been presented in my other reports and are therefore not to

be repeated here. Naturally there was a period during which considerable disharmony temporarily existed among certain branches of economy, but adjustments have or are being made so that under present circumstances the great leap forward in steel and coal production can be achieved without holding back our efforts in other fields of industry. We shall see to it that the leap forward of one branch of industry will support that of the other according to the general arrangement made in the national plan. We are doing just like the old Chinese saying that "when the Eight Fairies take a trip across the sea, each performs his magic." Because of all these, we can expect, in the next few months, a greater development in steel and coal production on the one hand and a better adjustment in proportional relationship among various economic branches on the other. The contention that "the steel production campaign has held back everything" is in fact to oppose the policy of "making steel industry the backbone of the leap forward on all fronts," a policy which is absolutely necessary for speedy industrial development.

(2) Agriculture: Agriculture of this province has been one of continuing leap forward on the basis of the great leap forward of last year. We have followed firmly the general line of socialist construction and the "eight-character code" for increasing agricultural production. In so doing we have made our best efforts to fight for a leading position and for greater, faster, better and more economical results. All policies have been executed seriously and thoroughly. We have carried out vigorously the tasks of readjusting and consolidating the people's communes. We have fully developed the positiveness of cadres as well as the masses. In addition, we have launched a campaign calling for exceeding agricultural production targets by 10 to 30 percent. As a result, a new high tide of agricultural production has been created. Although the total planting area of wheat and other summer crops was about 10 million mou less than it was last year, the output per unit area was more than it was a year ago. The gross output was in general close to 1958 standard, with many instances of high yield in large areas. There are 16 hsien and municipalities in the province where an average output of 100 kilograms or more per mou was registered. Seventeen communes registered an average output of 200 kilograms or more per mou. A peak per mou output of more than 250 kilograms was recorded on a total of 3,700 mou of farmland. Satisfactory harvest may be expected of the spring crops totaling 70 million mou because of timely and reasonably close planting, and

strengthened farm management. Of these 70 million mou, 32 million mou of early-ripe crops had completed harvesting. The harvest was satisfactory despite the drought in the late stage. Except for the areas badly hit by the drought, the output in general was still higher than last year according to tentative estimates. Tan-ch'eng hsien, frequently hit by natural disasters, used to be a low production area, but thanks to the advantages offered by the communes, its 340,000 mou of early autumn crop were harvested at an average of 200 kilograms per mou, which represents an increase by 20 to 30 percent compared with the per mou yield of the good harvest year of 1958. In Lin-i hsien, the early autumn crop on 530,000 mou of land registered a 20 percent increase. The summer crops of the whole province, totalling 50 million mou, were in general planted about ten days earlier than they were last year. As a result, the seedlings are growing in very good shape. In spite of the worst drought ever seen in many years, a reasonably good harvest of the late-autumn crop is still very hopeful, thanks to the extensive campaign we have launched to fight the drought and to preserve the seedlings.

The rapid development of communalization in our province last year was not accidental. At the time when winter planting was moving toward its climax in 1957, a good number of small agricultural producers cooperatives voluntarily consolidated themselves into higher cooperatives. Following the great development of agricultural production and water conservancy in 1958, many agricultural cooperatives, recognizing the rising demand by peasants for greater cooperation because of their mounting socialist awareness, realized that the then existing higher cooperatives could no longer meet the requirements for further development of production and that it was necessary to organize people's communes which are much larger in size and broader in scope of activity and capable of effecting better mutual assistance and coordination. Before the autumn harvest in 1958, all primary cooperatives in the province were consolidated into higher cooperatives. Some advanced cooperatives, upon the return of their members from an inspection tour of Honan Province, voluntarily amalgamated themselves into people's communes. Thus the political and economic climate was definitely favorable for the organization of people's communes. Then the campaign for the organization of people's communes was in full swing throughout the province after Chairman Mao had told us in his article that "people's commune is by all means a better system" and after the Resolution Concerning Communalization was made known by the Central Committee.



All these serve to illustrate that the communalization campaign is just like what an old Chinese adage says, "the melon parts from the vine when it is ripe" and "a stream is formed where the water flows." At the very beginning, the communes brought with them so much vitality and offered such unmatched advantages that the task of steel production, water conservation, and autumn harvesting and planting were all fulfilled during the busy farming season. In the first half of the year, the work assigned to the rural areas was so heavy that there was a strain on the labor force. Nevertheless, tremendous achievements were made in capital construction for water conservation.

During the period from January to August, 11 large and medium sized reservoirs were completed with each having a capacity of at least 10 million cubic meters. Six of them have a capacity of 100 million cubic meters each. The total capacity now reaches 1.315 billion cubic meters, which is 7.5 times the total designed capacity for the corresponding period last year. In the mean time, five large size dams were completed, with a total designed capacity of 96.5 million cubic meters, representing 12 times that of the corresponding period last year, and watering 13.42 million mou of farmland.

Since late July, about 70 million mou of crops have been affected by drought. About 30 million mou were affected very seriously. This is a great threat to agricultural production in our province as well as a serious test for our people. Under the guidance of the Central Committee, the Provincial Party Committee and the Provincial People's Council, the people's communes have shown their powerful strength. Taking advantage of their huge scale, strong organizational power and great diversity of activities, the communes mobilized a drought-fighting army of 10 million persons, bought many drainage and irrigation machines and watered 30 million mou of land. The communal industries had made important contributions to the drought-fighting campaign. They manufactured and repaired 497,000 water-carrying implements of different kinds to make the success of the struggle against drought a certainty. Without people's communes we would be helpless during such a serious disaster because we cannot rely upon the efforts of small groups or natural irrigation facilities to cope with a calamity of such proportions.

We cannot expect such a large-scale, rapid-growing revolutionary movement as communalization to be perfect and without the slightest defects or difficulties at the very beginning. At the initial stage of communalization, both cadres and the masses lacked experience. There were evi-

dences of over-concentration of administrative power, unconditional egalitarianism and waste. But, under the guidance of the Central Committee, Chairman Mao and the Provincial Party Committee these defects were immediately corrected. A campaign of overhauling and consolidating the people's communes was launched throughout the whole province last spring, as was being done in all parts of the country. In the course of this campaign, we implemented the principle of separate accounts to be kept by different levels of organizations and of pay according to work. We have also established, for the present stage, a system of three-level ownership with "basic ownership" for production brigades, "partial ownership" for communes and some "partial ownership" for production squads. After readjustment and consolidation, the people's communes are marching on along a healthy, consolidated and progressive road. It is obvious that communalization has already offered many advantages in our effort for simultaneous development of agriculture, forestry, animal husbandry, subsidiary industries, and fishery, in undertaking a great diversity of activities pertaining to industry, agriculture, commerce, education, and national defense, in the gradual realization of agricultural mechanization, in increasing the income of peasants and improving the living standard in rural areas, and in all other collective undertakings such as building communal mess halls and nurseries. It will certainly offer more in the future.

In short, the communalization campaign in our province has been proceeding "very well," not "very badly." It is a powerful weapon to accelerate rural economic development, to eliminate the possibility of the revival of capitalism. It is the best transitional form of social system, now moving from collective ownership to all-people ownership, and from Socialism to Communism. Because of this, it has been subjected to the shameless slanders and vicious attacks by the imperialist elements, the anti-people, anti-socialist rightist elements and other reactionary elements who are hostile to Socialist undertakings in our country. The people's communes have brought fortune and bright future to working people. The victory of the communalization campaign means the bankruptcy of the dream of reviving capitalism. We know that things people love best are the things which our enemies hate most. The louder our enemies raise their noise against communalization, the firmer we are convinced of its value. Aside from these elements, there are some rightist opportunists who say that communalization is the result of "the stubborn impulse of a handful of people," is "premature" and has been "handled very badly." They

fail to appreciate the advantages offered by communes and the revolutionary enthusiasm of the hundreds of millions of peasants. They magnify the temporary, local defects, which had been corrected long since, and thus put themselves in a position opposite to the masses and to the socialist revolution and construction. To these opportunists I would simply ask this question: Aren't you afraid of bringing yourselves to the brink of a rightist?

(3) Commerce: During the period from January to August 1959, the gross value of commercial purchases and sales registered a big increase compared with the corresponding period of 1958. According to statistics, gross value of purchases amounted to 1,887,700,000 yuan, representing an increase of 25.8 percent over that registered during the corresponding period of the previous year. Gross value of sales amounted to 3,236,630,000 yuan, representing a 35 percent increase. Gross value of retail sales of social commodities amounted to 2,494,000,000 yuan, representing a 24.2 percent increase. Among the social commodities, the retail sales value of food increased 8.3 percent; the retail sales value of clothings increased 66.9 percent; the retail sales value of daily necessities increased 37.1 percent.

The volumes of supply of most of the main commodities showed increases. Compared with the corresponding period last year, the supply of the following commodities showed an increase of 10 to 30 percent: food, coal, wine and liquor, cigarettes, machine-made paper, and marine products. The supply of the following commodities increased 30 to 50 percent: salt, rubber shoes, watches and clocks. The supply of the following commodities increased 50 to 100 percent; cotton cloth, knit products, thermosbottle, woolen yarn, sewing machine and power machine. The supply of bed sheets and mycins increased more than 100 percent. The supply of tea, chemical fertilizer and bicycles increased less than 10 percent. The only commodities the supply of which decreased are pork, egg, sugar, soap and vegetable oils. The reason for the decrease was not that the production of these commodities dropped but that the consumption by the rural population had increased.

As can be seen from the above figures, the market condition had been generally good. The supply of most of the commodities was adequate, fully reflecting the achievements of the unprecedented leap forward in 1958 and the continuing leap forward in this year. As a result of the rapid development of production, construction and other undertakings, there was a sharp rise in employment last

year. The purchasing power of the urban population has consequently increased. In the first half of this year, the total wage paid in this province was 47 percent more than the amount paid during the corresponding period of last year. The supply subsidiary foodstuff and daily necessities showed some signs of strain because the increase of retail sales value of social commodities was unable to catch up with the fast-growing purchasing power. In compliance with the directions of the Central Committee and the Provincial Party Committee, we have taken a series of effective measures to increase the production of subsidiary foodstuff, daily necessities and handicraft products. The condition of supply had shown improvement because of these measures and also because of the good harvest of the summer crop.

In 1958 the production of certain handicraft products was stopped because of mismanagement. Now 75 percent of these products are being produced again. During the period from May to July this year, the commercial department of Chi-nan municipality were able to add 3,852 new items of small products to their list of commodities. The value of pork and egg purchased by the state is rising now. The planting program of autumn vegetables has been completed basically, with a total planting acreage of 4.13 million mou (land planted with carrots not included). It is certain that the condition of market supply may be further improved after a longer period of exertion.

In 1958 the number of commercial and service trade units was cut down too much and thus caused inconvenience to consumers. Now we have taken actions toward a readjustment of this situation. In the mean time, we have kept on launching the campaigns of three-clearings (clearing the warehouses, accounts and personnel), three-fixings (fixing the number of commercial and service trade operational units, personnel and system) and three-collections (collection of subsidiary agricultural products, special native products and junk). Efforts are also being made to improve the operation and management of commercial units and the manner of service personnel in order to cope with the situation created by the development of production and the rising standard of living of the people.

There are persons who, because of their lack of understanding of the whole picture of market condition, said that the market as a whole had shown signs of strain during the first half of this year. There are others who even said that people could buy anything they want before the liberation but now nothing can be bought. These remarks are nothing but intentional distortion of facts. Premier Chou,

in his report to the Standing Committee of the National People's Congress, said, "Those who have said things like that indicated either their failure to appreciate, or their disapproval of, the improvement of the living conditions of the working people. They are still hankering after the old society where only few people were able to lead the luxurious and corrupting lives of nobility, bureaucrats, landlords, compradores and capitalists." These malicious distortions of market situation must be firmly rejected.

There are still others who suspected that the strain shown in the supply of certain commodities was due to excessive exportation. This is also because of their misunderstanding of the market situation, and calls for clarification. In the year past, the materials exported represented but a very small portion of the gross value of industrial and agricultural outputs. In the case of our province, export of materials necessary for the livelihood of the people, such as food, oil and cotton cloth. To suspect that strains shown in the supply of certain commodities were due to excessive exportation is therefore not supported by facts. However, it is absolutely necessary to export agricultural by-products in exchange for materials necessary for socialist construction. The products that are of second importance to the national economy and the livelihood of people should be exported because such exports are favorable to the development of our industrial and agricultural production and national reconstruction. This is fully in conformity with the interests of the people in the long run.

(4) Transportation: The achievements on the transportation front were also remarkable. During the period from January to August, the total volume of freight reached 78.88 million tons, showing an increase of 50.9 percent compared with the 52.26 million tons of the corresponding period of 1958. Not only the transportation of such important materials as steel, coal, food, cotton, etc. had been assured, but the ordinary materials had also been taken good care of. The managerial personnel and workers made their best efforts to improve technique and organizational work in order to fulfill their heavy tasks. They successfully increased the turnover rate of cars and ships and thus improved the effectiveness of transportation. High platforms were built to facilitate loading and unloading cargos. In respect to highway transportation, campaigns for safety, economy and for each vehicle to run 10,000 day-kilometers without accident were launched. Short-distance transportation was strengthened too. Many of the communes

organized transportation teams, which contributed considerably to short-distance transportation. In the first half of the year, the cost of local transportation was 12.61 percent lower than that of last year.

(5) Capital construction: There were considerable achievements in this field of national construction due to the proper execution of the policy of shortening front lines by concentrating our energy on major projects. During the period from January to August, investments in capital construction mounted to 437.77 million yuan (not including those for railroads but including those for the Grand Canal), showing an increase of 17.2 percent compared with the 373.31 million yuan invested during the corresponding period of 1958. Capital construction on projects of secondary importance were reduced so that the completion of major projects of primary importance can be assured. During the period from January to August, 534 projects were either completed or partially completed or underway. As the result of capital construction during the first half of 1959, electric power was increased by 28,360 kilowatts; iron-producing capacity, by 410,000 tons; steel-rolling capacity, by 55,000 tons; coke-production capacity, by 35,000 tons; metal-cutting machine tools, by 320 sets; and electric motor, by 1,500 units.

In view of the above-mentioned situation we can undoubtedly draw the following conclusion: The achievements of the great leap forward and people's communes are considerable and unprecedented in history. The present economic condition of this province is very good, and is a continuing leap forward on the basis of the great leap forward of 1958. Our future is bright. This proves that the Party's general line for socialist construction and the policy of "walking on two legs" are entirely correct. The reactionaries and rightist opportunists have seized local, temporary shortcomings, which have already been remedied, as their weapon to attack the great leap forward and people's communes and to oppose and jeopardize the general line for socialist construction. We are not going to tolerate those attempts.

## II. Adjustment of Targets Set in the National Economic Plan for 1959

According to the adjustments made by the Central Committee about the targets in the national economic plan, taking into consideration the results of the industrial and agricultural production of this province in 1958 and the

work we have done concerning the provincial economic plan during the first half of 1959, and bearing in mind the situation created by the recent natural disasters, the targets set forth in the 1959 economic plan of this province are to be readjusted as follows:

The target for the gross value of industrial production, originally set at 10 billion yuan, is now revised to 7.2 billion yuan.

The target for the output of cast-iron, originally set at 1.58 million tons, is now revised to 1.4 million tons.

The target for the output of steel, originally set at 246,000 tons, is now revised to 180,000 tons.

The target for the output of coal, originally set at 26 million tons, is now revised to 21.5 million tons.

The target for the gross value of agricultural products, originally set at 10.4 billion yuan, is now revised to 5.6 billion yuan.

The target for the output of food, originally set at 85 billion catties, is now revised to 40 billion catties or, if possible, 44 billion catties.

The target for the output of cotton, originally set at 10 million tan, is now revised to 6 million tan or, if possible, 6.6 million tan.

Corresponding revisions are to be made on other targets.

We consider these adjustments as necessary and proper. In view of the basic conditions of 1958 as verified by the accounts, the volume of increase we may expect in this year must be reasonably adjusted.

During the great leap forward of agricultural production in 1958, the high output in large areas and the rise of per-mou output were certainly very unusual. We have no experience that can be used as a basis to make an accurate estimate for such a sharp production increase. During the time of autumn harvest in 1958, labour forces were not reasonably arranged so that the work of harvesting, thrashing, collecting and storing were not done in a very satisfactory manner. Furthermore, 8.18 million mou of land were hit by natural disaster. The loss of crop on these lands was not adequately taken into account in making the estimates. Because of all these reasons, the estimate for agricultural output in 1958 was not entirely correct. After repeated auditing of the accounts, the output of various agricultural products are verified as follows:

Food, 38 billion catties, increased by 57 percent compared with the 24.2 billion of 1957, or 29.7 percent compared with the previous high of 29.3 billion in 1956.

Cotton, 5.5 million tan, increased by 51.9 percent compared with the 3.62 million tan of 1957, or 26.6 percent compared with the previous high of 4.34 million tan in 1956.

Baked tobacco, 2.5 million tan, increased by 86.5 percent compared with the 1.34 million tan of 1957.

Peanut, 2.15 billion catties, increased by 58.1 percent compared with the 1.36 billion catties of 1957.

The gross value of agricultural production was 5.28 billion yuan, representing a 26.6 percent increase compared with the 4.17 billion yuan of 1957. As verified by auditing, the output of three main products, food, cotton and oil, all showed an increase of more than 50 percent compared with 1957, or of 20 to 30 percent compared with 1956, the year which held the previous highest record in history. That was indeed an unprecedented leap forward.

The accounts of the gross output of main industrial products in 1958 were also subjected to auditing and found to be correct. However, the gross value of industrial production in 1958, after auditing, was adjusted to 5.99 billion yuan, representing an increase of 64.5 percent of the 3.64 billion yuan of 1957. Of the 994,000 tons of cast-iron, 505,000 tons were produced with foreign method and 489,000 tons with native method. Of the 240,000 tons of steel, 53,000 tons were produced with foreign method and 187,000 tons with native method. Considering the fact that before 1958 steel and iron production in this province had been a blank, these figures represented a tremendous leap forward.

Next, we have to consider how far our industrial plan had been completed during the period from January to August 1959. The gross value of industrial products during that period had reached 4.3 billion yuan, which represents an increase of 33 percent compared with the corresponding period of 1958 and can undoubtedly be regarded as a continuing leap forward of 1958. However, the amount constitutes only 43 percent of the target set in our economic plan for 1959, adopted at the Second Plenary Session of the Second Provincial People's Congress. That means we have to complete the remaining 57 percent of the target during the next four months of the year. Judging from the present situation it is practically impossible because our labour force is now needed for strengthening the agricultural front, readjustment and consolidation of hsien and communal industries. Besides, there are limitations to the increase of supply of certain raw materials and equipment.

We should also take into consideration the drought which damaged the autumn crop on 72 million mou of land, of which 30 million mou were severely hit. Although we had



done our best to save the crop, there will still be decrease in production. But for the tremendous power shown by the communes and the achievements we had made in water conservation, the damage could have been many times worse.

Considering these factors, we found it necessary to adjust the targets planned for this year. We should nevertheless bear in mind that the adjusted targets remain to be those of continuing leap forward, which could be fulfilled with excess and are capable of promoting working efficiency. Comparing the adjusted targets with the results of the great leap forward of 1958, the gross value of industrial production shall increase by 20.2 percent, cast-iron shall increase by 177.2 percent (calculation based on the output of cast-iron produced with foreign method), steel shall increase by 239.6 percent (calculation based on the output of steel produced with foreign method), ungraded coal shall increase by 56.5 percent and food shall increase by 9 to 20 percent. In order to fulfill this plan, there is much work to be done and the people of the province must be mobilized to exert their utmost effort.

We must not lose confidence in the success of this year's plan. Nor should we slacken our effort because of the adjustment of the plan. We must resolutely overcome any rightist tendency and sentiments which may lead to the slackening of our effort. We must mobilize the masses to launch a resounding campaign for production-increase and economy in industry, agriculture, transportation, commerce, capital construction and all other aspects of the whole economic front and use every means to struggle for the fulfillment with excess of this year's continuing leap forward plan.

(1) Industrial production: We must assure the increase of the production of iron, steel, steel materials, coal, cement, electric power and raw materials for chemical industry. We must also assure the increase of daily necessities, handicraft products and other products which will render service to industrial and agricultural production. We must strive for best quality, high output and low cost and for the fulfillment and over-fulfillment of our assignments for this year.

In the production of steel and iron, we should resort more to blast and revolving furnaces. We should increase the daily output, make sure the quality of the products is good, reduce the cost and fulfill with excess the targets of 1.4 million tons of iron and 180,000 tons of steel. At least 93 percent of the steel produced should be up to the standard. The cast-iron produced should contain

sulphur no more than 0.2 percent. The cost for cast-iron should be reduced to 300 yuan or less per ton. The technique used in processing goods made of iron and steel should be improved and the output of such goods should be increased. Best effort should also be made to fulfill the production target for copper and aluminum.

In the production of coal, the target of 21.5 million tons must be fulfilled with excess. In so doing, we must carry out the dual leap forward of digging and exploration and raise the daily output level. The quality of ungraded coal should be improved. The coal produced should contain lime no more than 20 percent and should contain rocks no more than 2 percent. The production of coke should be increased to fulfill with excess the target of 3.15 million tons. The coke produced should contain sulphur no more than 0.8 to 1 percent and should contain lime no more than 10 to 12 percent, so that it can meet the requirements for steel and iron refining. The building of coal-washing plants should be intensified so that the task of washing 720,000 tons of coal can be fulfilled during the later half of this year.

In the manufacture of machinery, we should first of all assure the early delivery of metallurgical and coal equipment to support the leap forward of steel, iron and coal. The equipment required for capital construction projects that are scheduled to start production this year should be completed in time. The production of agricultural machines and machines for processing agricultural products should be increased if possible.

Electric power industry should strengthen maintenance and repair of equipment, should make the best use of existing facilities, should accelerate the progress of capital construction projects and should make sure that the new plants will start operation as soon as possible. The industry should do its best to produce and supply more power and to insure safety.

The production of construction materials, particularly cement, should be increased considerably in order to meet the needs for capital construction.

Chemical industry should devote itself not only to the production of sulphuric acid, caustic soda, crude tar, agricultural drugs and chemical fertilizer to meet industrial and agricultural needs, but also to increased production of people's daily necessities.

Light, textile and handicraft industries should seek every way and means to make the best possible use of raw materials, should actively collect wild plants to be used as substitutes for raw materials, and should promote new

uses of raw materials in order to increase output and thereby satisfy the requirements of production, market and the livelihood of people. Regarding handicraft industry, we should follow the directions given by the Central Committee to proceed seriously on the work of rehabilitation and development. Regarding communal industries, we should strengthen the leadership and carry on the policy of "readjustment, consolidation and progress."

(2) Agriculture: The present season is a crucial season in striving for an increased agricultural production. Government organs at all levels and all cadres should lead the people to grasp every opportunity to do extra work of irrigation and fertilization to strengthen farm management and to make the best effort for a good harvest of the late autumn crop so that the agricultural production plan may be fulfilled with excess. In the mean time, preparatory work for autumn plating should also be done. The acreage for barley and wheat should be enlarged as much as possible. Summer crops must reach 70 million mou. Planting should be done well, adequately and in time. During the autumn harvest season, we should apply the experience acquired last year to make sure that the crop will be harvested well, thrashed well, delivered and sold well, distributed well, stored well and will suffer not even the slightest loss.

The production of industrial crops and vegetables should be increased. Efforts should also be made for the general increase of foodstuff, cotton, cooking oil, timber, livestock, subsidiary products and fishery. Furthermore, preparatory work should be done actively. Natural fertilizer should be applied on all farmland during the next winter and spring. Management of barley and wheat farms should be strengthened. A high tide of production should be developed in all fields, including agriculture, forestry, animal husbandry, subsidiary occupation and fishery.

(3) Commerce: Commerce must coordinate with the production-increase and economy campaign in other branches of national economy. The work of supplying materials needed for industrial and agricultural production and of purchasing the same must be done in such a manner as will give powerful support to industrial and agricultural production. Market operation and management should also be improved. Cost for circulation of commodities should be reduced. The amount to be reduced is set at 72.94 million yuan, representing 9.86 percent of the total cost of commodity circulation in 1958.

(4) Transportation: The potentiality of all means of transportation should be fully exploited so as to reduce the pressure of transportation that may fall on us during the fourth quarter of the year. We must make sure that the tasks of transporting steel, iron, coal, lumber, ores, construction materials and agricultural products after the autumn harvest will be fulfilled successfully. All transportation departments should try to improve their operation and management, strengthen their accounting system and reduce the cost. The amount of cost to be reduced is set at 19,992,000 yuan, representing 17.32 percent of the total cost of transportation in 1958.

(5) Capital construction: The policy of shortening the front and concentrating on important projects should be continued. According to this policy, priority should be given to the construction of important and urgent projects. The construction of less important or urgent projects should be suspended so that efforts can then be concentrated on those projects for which all material and equipment are available. Priority should also be given to those items which are scheduled to undertake production assignments this year and to those important items which require less steel materials and have already reached their final stage of construction, so that they can start production as soon as possible.

(6) All production departments and enterprises as well as all construction enterprises should economize the use of materials (including raw materials), fuel, power, capital and labor. Coal industry and all construction units should economize the use of steel materials and lumber. Light industrial enterprises should economize the use of raw materials. Agricultural production units should take good care of livestock and tools and should not waste water, fertilizer and seeds. All production units should reduce the consumption of materials, fuel and power. All units must set definite targets of economy and make sure that they are fulfilled. In the later half of the year, the whole province should save 1 million tons of coal, 7,000 tons of steel materials, 60,000 to 70,000 cubic meters of lumber, 16,800 tons of cement and 4,650 tons of gasoline and diesel oil. The task should be fulfilled with excess.

III. To Oppose Rightist Tendency, to Make the Best Effort and to Create a New High-tide of the Production-Increase and Economy Campaign for the Early Fulfillment of the Targets of the 1949 National Economic Plan

The Eighth Plenary Session of the Eighth CCP Central Committee and the Standing Committee of the National People's Congress have both appealed to people of all races in the nation who are united for the common goal under the leadership of Chinese Communist Party and the great leader of the Chinese people, Comrade Mao Tse-tung, to hold firmly the glorious flag of general line, leap forward and people's communes, to oppose rightist ideology, to make their best effort, to further develop the production-increase and economy campaign with every ways and means, to struggle for the fulfillment with excess of the 1959 national economic plan, to march on courageously toward accomplishing the major targets of the Second Five-year Plan, to march on courageously toward overtaking the United Kingdom in the output of major industrial products within ten years and to welcome the tenth anniversary of the founding of the People's Republic with increased production and economy. We would lay special emphasis on opposing rightist tendency and exerting our utmost effort because we consider that they are keys to the realization of this great appeal.

As I have said above, every branch of national economy in this province has been continuing to leap forward. The whole situation is favorable. While the masses and cadres are exerting themselves to march forward courageously, there are a small number of rightist opportunists who spread their pessimistic opinions. Ever since the great leap forward of 1958, they have looked for certain temporary shortcomings, which were inevitably due to the lack of experience. They are telling people everywhere about these shortcomings despite the fact that the causes leading to these shortcomings have all been removed. They put blame on the leap forward, on people's communes, on the steel production campaign, etc., attempting to arouse disaffection in the armed forces and to demoralize the soldiers. They deny the achievements of the great leap forward of 1958 and refuse to accept the general line for socialist construction.

There are others who still harbor rightist ideology. They want to keep the production targets low. They stress only the realizability of the targets but overlook forwardness and positiveness. They want to bring the targets down and down so that there would be less work to be done. Finally, we might even fail to fulfill these low targets. They stress only circumstantial elements and overlook human elements. They would not do things that could be done through persistent effort. They rely solely on objective conditions and insist on "fatalism." Blind to favorable conditions, they exaggerate and make a big noise about difficulties without taking any action to solve them. They are

afraid of progressive slogans and forward-looking measures. They don't care about future planning and are willing to accept backwardness. In performing their work, some people lack vigor, revolutionary enthusiasm and ambition. Instead of trying to move forward, they feel contented in staying behind and reluctant to carry out the "eight-character code." Walking backward, faltering, and slackening, they doubt the advantages of people's communes and begin to talk about the advantages of decentralization and individualism.

These rightist sentiments, rightist thinkings and rightist activities reflect that some people are losing their faith under the influence of capitalist ideology. Although this tendency is found among a small number of cadres only, it is the foremost danger to our work today. Premier Chou has pointed out in his report: "If we don't correct this ideology and let it continue to exist and develop, we would severely damage the positiveness of the masses and would not be able to carry on the leap forward and to achieve the victory of socialist construction. Naturally this would benefit only our enemies in and outside the country at the expense of workers, farmers, and revolutionary intellectuals. It would help the cause of capitalism and jeopardize that of socialism. This is a question on which depends the future of our 600 million people. Therefore we must launch an anti-rightist campaign to fight all these rightist sentiments, thinkings and activities."

To overcome rightist ideology and to create a new high tide of the production-increase and economy movement, we must first of all insist on political dominance, holding high the red flag of general line. Experience has more than once proved that without the leadership of the Party and political dominance, people would lose their guidance and go astray in their work. Since 1958, the most fundamental reason that we have been able to make a great leap forward is that we have insisted upon political dominance. Only under political dominance have we been able to make our best effort to fight for a leading position and for greater, faster, better and more economical results in the execution of the general line for socialist construction. Next to political dominance, we must resort more to mass campaigns and to socialist labour emulation. In emulation contests, emphasis should be laid on revolution and innovation of technology. We consider these as keys to overcoming rightist ideology and developing the production-increase and economy campaign. Either in factories or in rural areas the masses should be mobilized to reveal and criticize any rightist tendency that the local leadership and cadres may have, so that the few people with rightist ideologies could be educa-

ted. Rightist conservative ideology can be swept away only if the revolutionary heroism of the masses is fully developed. And only by using the "walking on two legs" method--powerful mass campaigns as one leg and sound organizational work as the other--can the positiveness of the masses be better brought out, the fulfillment of leap forward targets be more reliably assured and the production-increase and economy campaign be more far-reachingly and long-lastingly developed.

Facts have recently indicated that the whole situation has been changing rapidly after the spirit of the Eighth Plenary Session of the Eighth CCP Central Committee was made known to the public. The masses, determined to eliminate rightist tendencies and to do their best, have already created a new hightide of the production-increase and economy campaign. On the industrial front, for instance, every plant and mining enterprise has started a new hightide of production emulation contests aimed at amending the targets, enlarging the scope of operation, innovation of techniques and breaking the norm. As a result, production is soaring and new records have been established again and again. The average daily output of iron in the whole province was 3,411 tons in the first ten days of August, 3,755 tons in the second ten days and 4,021 tons in the last ten days of the month. On 6 September, it broke through the 5,000 ton mark. The average daily output of steel was 500.5 tons in the first ten days of August, 565.8 tons in the second ten days and 632.4 tons in the last ten days of the month. On 6 September, it reached 830 tons. The daily outputs of steel materials, coke and ores in the last ten days of August rose to more than twice as much as the daily output in the first ten days of the month. Before 26 August, the highest daily output of coal was 59,500 tons. On 5 September, it reached 64,000 tons. The production in other fields, such as machinery, power, textile, light industry, transportation and capital construction, has been rising spectacularly too.

On the agricultural front, the method of production has been improved immensely and the production plan for this year was revised. The improvement of autumn farm management and the progress of autumn tilling have been fast. Application of fertilizer on more than 10 million mou of sweet potato field was completed recently.

On the commercial front, a new picture is emerging too. The quantity of agricultural products purchased and the savings of the urban population have increased considerably. In the last ten days of August, autumn crops were purchased at a pace of several million catties a day and it is still increasing day by day. By 5 September, 546 million

catties of autumn crops have been put into granaries, representing an increase of 6.8 times the amount of the corresponding period of 1958. The value of hogs purchased during the week from 1 to 7 September increased by 17 percent over the total value of those purchased in July and August. Many leading cadres personally went to the scene to lead the masses in fighting for increased production. A new hightide is certainly in the coming. These facts indicated that the economic situation of this province, like that of the whole country, is undergoing a healthy development. Our future is bright.

We are confident that, under the leadership of the Central Committee and Chairman Mao, under the guidance of the general line, there is no difficulty that could not be overcome. We are also confident that the cadres and the masses of the province must be able to fulfill with excess and ahead of schedule the national economic plan for 1959 in response to the great call of the Central Committee and Chairman Mao.

END